

# As projects scale up, credit flow to data centres rises

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With projections of a five-fold increase in India's data centre (DC) capacity by 2030 and as operators build large centres, there is an uptick in lending to the sector.

Speaking to *businessline*, banks and credit rating agencies said that data centres, alongside renewable energy, now form a significant share of the infrastructure credit pipeline for banks.

Rajneesh Karnatak, MD & CEO, Bank of India, said that the bank is increasingly seeing loan proposals from players in data centres, warehousing, solar PV modules, and others.

Indian Bank MD & CEO Binod Kumar recently said that the bank's ₹60,000 crore corporate credit pipeline is seeing strong traction, with data centre operators and power transmission companies being key drivers.

## **STRONG TRACTION**

In February last year, the State Bank of India disbursed ₹1,357 crore in long-term secured debt to Yotta Data Services, the data-centre arm of the Hiranandani Group.

In April 2024, Adani Connex, a joint venture between Adani Enterprises and private data centre operator EdgeConneX, secured loans of up to \$1.44 billion from Standard Chartered Bank, Sumitomo Mitsui Banking Corporation and ING Bank NV among others.

## **FUNDING NEEDED**

The growing need for debt is necessitated by huge capex costs for these DC projects. According to estimates from India Ratings, modern data centres can cost in the range of ₹50–70 crore per MW.

According to its DRHP, Sify Infinit Spaces, the data centre subsidiary of Sify Technologies, reported borrowings of ₹2,097 crore as of March 2025 up from ₹1,708 crore as at the end of FY24.



Meanwhile, for Bharti Airtel's data centre arm Nextra, the borrowings as of March 2025 stood at ₹1,243 crore nearly doubling from the ₹677 crore y-o-y.

"The usual funding structure for DC projects comprises around 60–70 per cent debt and 30–40 per cent promoter equity. Once the DCs achieve leasing milestones, these loans are generally refinanced into lease rental discounting or term loans, offering extended tenures of 10–15 years," said Abhishek Lahoti, Assistant Vice President & Sector Head, ICRA Ltd. "Over 65 per cent of the costs associated with data centres lie in technology systems that are installed only after firm leasing commitments. This means major capex is triggered by confirmed demand, giving lenders clearer visibility on cash flows and reducing project risk," he added.

Even companies emphasising equity-led early expansion expect to eventually lean on debt financing to fund their projects.

"At this stage, our projects are being funded primarily through equity both from the QIP proceeds and internal accruals. As the portfolio grows, we expect to move to a balanced mix of debt and equity to enhance overall project returns," Ankit Saraiya, CEO of Techno Digital, the data centre arm of Techno Electric & Engineering, said.

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With inputs from Piyush Shukla in Mumbai and Sindhu Hariharan in Chennai